

FIRST-TIER TRIBUNAL PROPERTY CHAMBER (RESIDENTIAL PROPERTY)

Case reference	:	CHI/43UG/F77/2023/0077
Property	:	59 Chilsey Green Road, Chertsey, Surrey, KT16 9HB
Applicant Landlord	:	BPT (Bradford Property Trust) Ltd
Representative	:	Grainger Plc
Respondent Tenant	:	Mr D F Adkins
Representative	:	None
Type of application	:	Determination of registered rent Section 70 Rent Act 1977
Tribunal members	:	Mrs J Coupe FRICS Ms C Barton MRICS Mr M Woodrow MRICS
Date of decision	:	24 January 2024

REASONS

Decision of the Tribunal

On 24 January 2024 the Tribunal determined that a sum of £276.50 per week will be registered as the Fair Rent with effect from the same date.

Background

- 1. On 11 September 2023 the Rent Officer received an application from the landlord for registration of a Fair Rent of £286.00 per week in lieu of the passing rent of £220.00 per week.
- 2. On 16 October 2023 the Rent Officer registered a rent of £238.50 per week effective from 3 December 2023.
- 3. On 7 November 2023 the Rent Officer received an objection to the registered rent from the landlord.
- 4. The tenancy appears to be a statutory protected tenancy commencing 1 August 1987. The Tribunal was not provided with a copy of the tenancy agreement.
- 5. The Rent Register provides that the landlord is responsible for repairs and external decorations. The tenant covenants to decorate internally. Section 11 Landlord and Tenant Act 1985 applies.
- 6. On 28 November 2023 the Tribunal issued Directions advising the parties that it considered the matter suitable for determination on papers unless either party objected, in writing, within 7 days. The parties were also advised that no inspection would be undertaken. No objections were received.
- 7. The Directions required the landlord and tenant to submit their statements to the Tribunal by 13 December 2023 and 28 December 2023 respectively. Neither party submitted a statement of case.
- 8. Having reviewed the parties' submissions, the Tribunal concluded that the matter was capable of being determined fairly, justly and efficiently on the papers, consistent with the overriding objective of the Tribunal.
- 9. These reasons address in **summary form** the key issues raised by the parties. They do not recite each point referred to in submissions. The Tribunal concentrates on those issues which, in its view, are fundamental to the determination.

<u>Law</u>

10. When determining a Fair Rent the Tribunal, in accordance with section 70 of the Rent Act 1977, must have regard to all the circumstances including the age, location and state of repair of the property. The Tribunal must disregard the effect, if any, of any relevant tenant's improvements and the effect of any disrepair or any other defect attributable to the tenant or any predecessor in title under the regulated tenancy, on the rental value of the

property.

11. In Spath Holme Ltd v Chairman of the Greater Manchester etc Committee (1995) 28HLR 107 and Curtis v London Rent Assessment Committee (1999) QB 92 the Court of Appeal emphasised:

> That ordinarily a fair rent is the market rent for the property discounted for scarcity i.e. that element, if any, of the market rent, that is attributable to there being a significant shortage of similar properties in the wider locality available for letting on similar terms to that of a regulated tenancy, and

> That for the purposes of determining the market rent, assured tenancy market rents are usually appropriate comparables; adjusted as necessary to reflect any relevant differences between the comparables and the subject property.

- 12. The Rent Acts (Maximum Fair Rent) Order 1999 restricts the amount by which the rent, less variable service charge, may be increased to a maximum 5.00% plus Retail Price Index since the last registration.
- 13. Under paragraph 7 of the Order an exemption to this restriction applies where the Landlord proves that repairs or improvements undertaken have increased the rent by at least 15% of the previous registered rent.

The Property

- 14. In accordance with current policy, the Tribunal did not inspect the property, but did view it externally via information obtained from publicly available online platforms.
- 15. The property is a two storey mid-terraced house within a row of similar age and style properties, built between 1965-1980. Neither party provided any photographs.
- 16. Online images appear to show the property to be of brick-faced and part tile-hung elevations, under a pitched roof clad in tiles. The property is situated in a mixed residential and commercial area close to local facilities and within a short distance of public transport and the M3 and M25 motorways.
- 17. Accommodation comprises a living room, kitchen, three bedrooms, bathroom and WC. The property has a garden to front and rear, plus a garage which appears to be in a separate block nearby.
- 18. The property has central heating and uPVC double glazing. Floor coverings, curtains and white goods are provided by the tenant.
- 19. Having consulted the National Energy Performance Register online, the Tribunal noted the property to have a current Energy Performance Certificate (EPC) Rating of C.

Submissions – Landlord (summarised)

- 20. No statement of case was provided. However, the landlord did include within their application to the Valuation Office Agency information to which the Tribunal has had regard.
- 21. The landlord refers to major works undertaken to the property since the last rent registration, evidenced by way of invoices paid to two firms, *T&S Environmental Ltd (T&S)* and *Young & Harris Building Contractors (Y&H)*.
- 22. Between October 2021 and March 2022, T&S were engaged in the removal and disposal of asbestos from the property. Reinstatement works followed. T&S's invoices total £6,360.00 (VAT inclusive).
- 23. Following completion of the asbestos removal, Y&H were engaged by the landlord to undertake a refit of the property. Such works included replacement of the kitchen and bathroom fittings, replacement flooring and tiling, reinstatement of walls and ceilings, and redecoration. Additional costs in the region of £23,000 (VAT inclusive) were incurred.

Submissions – Tenant (summarised)

24. No statement of case was submitted by the tenant.

Determination

- 25. The Tribunal has carefully considered all the submissions before it.
- 26. In the first instance, the Tribunal determined what rent the landlord could reasonably be expected to obtain for the property in the open market if it were let today in the condition that is considered usual for such an open market letting.
- 27. The property has undergone various works of refurbishment since the previous registration. The Tribunal agree that provision of a modern fitted kitchen and bathroom will increase rental value. However, removal and disposal of asbestos material is considered a health and safety matter, as opposed to a factor which would, in itself, enhance rental value.
- 28. In the absence of any submissions or comparable evidence from either party, the Tribunal was required to rely on its own experience as a specialist and expert property Tribunal and its knowledge of rental values in the locality. Having done so, the Tribunal determined the open market rent, in good tenantable condition, to be £1,850.00 per month.
- 29. Once the hypothetical rent was established, it was necessary for the Tribunal to determine whether the property meets the standard of accommodation, repair and amenity of a typical modern letting. In this instance the Tribunal determined that the subject property falls short of the standard required by the market.

- 30. The Rent Officer records, and neither party disagree, that the white goods, floor coverings and curtains are provided by the tenant.
- 31. Furthermore, the tenant is responsible for the internal decoration of the property. The Tribunal considers such a covenant a greater burden than the normal responsibility for an assured shorthold tenant to keep the landlords' decorations in good order.
- 32. In reflection of such differences the Tribunal makes a deduction of $\pounds_{140.00}$ from the hypothetical rent to arrive at an adjusted rent of $\pounds_{1,710.00}$ per month.
- 33. The Tribunal then directed itself to the question of scarcity, as referenced in paragraph 11 above and, in arriving at its decision on the point, takes account of the following:
 - a. The Tribunal interpreted the 'locality' for scarcity purposes as being the whole area of Chertsey, Staines and the surrounding area (i.e. a sufficiently large area to eliminate the effect of any localised amenity which would, in itself, tend to increase or decrease rent);
 - b. Availability of three-bedroom houses to rent;
 - c. Local Authority and Housing Association waiting lists;
 - d. Property rental prices which could be an indicator of increased availability of housing and a reduction in scarcity;
- 34. Neither party made any submissions on the point of scarcity. The members of the Tribunal have, between them, many years of experience of the residential letting market and that experience, coupled with the above, leads them to the view that there is currently a shortage of similar three-bedroom houses to let in the locality defined above. In reflection of such, the Tribunal apply a deduction of 10% to reflect scarcity. Accordingly, the adjusted rent is £1,539.00 per month, equating to £355.15 per week.

Maximum Fair Rent

- 35. This is the rent calculated in accordance with the Maximum Fair Rent Order, details of which are shown on the rear of the Decision Notice.
- 36. The Rent Acts (Maximum Fair Rent Order) 1999 restricts the amount by which the rent, less any variable service charge, may be increased, to a maximum 5% plus RPI since the last registration.
- 37. The only exception to this restriction is provided under paragraph 7 of the Order where a landlord carries out repairs or improvements which increase the rent by 15% or more of the previous registered rent.
- 38. In their application to the Rent Officer, the landlord referred to refurbishment of the property, as outlined above. However, the landlord made no submissions that such work exempted the property from the Maximum Fair Rent Order.

- 39. Having considered the works undertaken to the property, the Tribunal concluded that the rent had not increased by 15% or more as a direct consequence. Accordingly, the exception does not apply in this instance.
- 40. The rent to be registered in this application is limited by the Fair Rent Acts' (Maximum Fair Rent Order) 1999 because it is above the maximum fair rent that can be registered of £276.50 per week prescribed by the Order.
- 41. The Tribunal accordingly determines that the rent of **£276.50 per week** is registered as the Fair Rent with effect from 24 January 2024, that being the date of the Tribunal's decision.
- 42. The rental figure determined by the Tribunal is the maximum rent that can be charged for the property and is fixed until the next registration. The landlord is under no obligation to charge the full amount.

RIGHTS OF APPEAL

- A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to <u>rpsouthern@justice.gov.uk</u> to the First-tier Tribunal at the Regional office which has been dealing with the case.
- 2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
- 3. If the person wishing to appeal does not comply with the 28 day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
- 4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.